

UPS INDUSTRY – A BIRD’S EYEVUEW

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ABSTRACT

Introduction –UPS (uninterruptible power supply) - E-Commerce- backup power- opportunities for organized and unorganized sectors - market and business trends-SOHO-SME- government policies and their effects- challenges faced- technology trends-future-conclusions.

INTRODUCTION

India being a power deficit nation has a large market for power backup products. There has been a growing trend in recognizing uninterruptible power supply systems as an essential power backup device as nearly every organization today uses computers to smoothen their workflows. E-Commerce, data centers, servers, and electronic & medical equipment need high level of uninterrupted power supply and thus generating significant demand for high power range of UPS systems in India.

Due to shortage of power in the country, back-up power system market is undoubtedly growing with newer technologies and methodologies being incorporated and implemented. Indian UPS market is a steadily growing market with both Indian and multinational manufacturers contending for a major chunk of market share. The Indian UPS market comprises several organized and unorganized players jostling for space. Let us look into major driving factors for this industry. All industry experts unanimously believe that a major factor driving growth for UPS in industrial and private sectors is a need for uninterrupted power supply to run basic infrastructure. The widening gap between demand and supply of electricity in India is a key factor driving growth in this market.

OPPORTUNITIES FOR ORGANISED AND UNORGANISED SECTORS

The market for UPS in India is characterized by a dominant presence of the unorganized sector, informs Mathew. However, the market for these products in India is extensive enough for both organized and unorganized sectors to co-exist, since they essentially cater to different sets of

consumers.

He says, “While the unorganized sector caters to the price-sensitive consumers, organized players mostly target the brand-conscious consumers. However, the low prices offered by the unorganized players are now compelling the organized players to reduce their prices to effectively maintain their competitive edge in the market.”

MARKET AND BUSINESS TRENDS

Extensive research by market research agencies on power backup systems market across rural and urban sectors brings up a number of trends. Suppliers operating in the UPS industry are exploring contract manufacturing opportunities.

This arrangement benefits both the service provider and the hiring firm as each can focus on his core competencies. Moreover, players operating in the UPS market are increasingly focusing on selling their products through large retail formats and on strengthening their channel sales.

“UPS units of up to 600VA are being sold through retail channels while large configurations that require technical support are mostly being sold through channel partners.” Shifting focus to the inverter segment, previously, for hard-core backup power, people used gensets. Due to rising cost and storage challenges of diesel, people are starting to shift from gensets to power inverters. Although, Das notes, “In some of the small office/home office (SOHO) and SME segments, diesel gensets are not completely being discarded but their usage is slowly being reduced; they are complementing the power inverters when they are completely discharged.” A lot of people today want to be “The market trend is moving towards solar. Back-up solutions given through solar are the most sought after.” Ideally, people would install a solar system with batteries so that it not only serves their power needs during the day but also gives them a small relief in their power needs during night.

Another important business trend is an increasing demand for SOHO/ high-end inverters as a lot of users are looking for uninterrupted power backup for commercial activities which saves them huge money in comparison to generators.

Microtek International Pvt Ltd shares, “Due to errant power conditions, more and more industries and SOHO segment users are shifting from generators to inverters. This is because running costs of inverters are very low and these are more convenient.”

Specifically talking about the India market, “We see the emerging requirement for inverters with 2kV and high-frequency inverters.” Furthermore, the popularity of solar technologies in both rural and urban India is driving the trend for solar hybrid inverters that combine solar panels with an

inverter, to address power requirements. Finally, there is also a trend of battery management in inverter batteries.

GOVERNMENT POLICIES AND THEIR EFFECTS

The Jawarhalal Nehru National Solar Mission (JNNSM) currently gives 80 per cent accelerated depreciation for companies that by a solar system. And in Maharashtra, there are no taxes for a solar power generating pack. A solar power generating pack comprises a battery and the solar panel with an inverter, which attracts zero tax. The government is releasing schemes but, at the same time, due to lack of knowledge, the assemblers and integrators still do not know how to give you maximum benefit, informs Sanghvi. He says, “So the outside picture looks like it is a fraudulent industry but actually, if done the right way, the UPS industry should experience continuous growth.” However, not all are of the same view. “Though prima facie it seems that government policies do affect, in reality, they need not. Industry consortium can help this segment to grow without much ado. Depending upon government for concession or something else could definitely slow-down growth of the segment and would not do any good in the future”

CHALLENGES FACED

Lack of awareness is one of the major challenges that the UPS industry in the country has to deal with. Growth of the Indian power backup industry is thwarted by poor consumer knowledge and further hindered by misconstrued selection criteria for power backup products. He notes, “Consumers often tend to overlook important technical details such as resistive loads, types of lubrication, safety features and other technical parameters while making purchase decisions, which leads to negative reviews by current consumers and ultimately causes other potential customers to defer their purchase.” Stiff pricing, inferior rating and lower quality of batteries, improvement of main grid power supply and deliberate underrating of inverters are some of the pressing challenges faced by the whole inverter industry “Once you give knowledge to people and you start selling the concept then this industry will definitely look at a boom.” So the challenge today is knowledge not basic knowledge but integrated technical knowledge as well. Talking about the government policies, Jain believes that, “The government policies offering different tax slabs in various states is a very disturbing factor—there must be a uniform slab all across India.”

TECHNOLOGY TRENDS

The demand for power in the country has been increasing at an exponential rate. The increased spending power of the people has been a significant contributor. Even people in the rural areas have resorted to complex appliances to support their daily lives, informs Mathew.

Consequently, the industry is witnessing a shift towards new technology and design in order to support more sophisticated appliances. He says, “Green UPS systems, which offer efficiency rates of 94-97 per cent as against the usual 80-88 per cent efficiency units, is one of the latest trends that has emerged in the market. This helps in conserving energy as well as reducing the carbon footprint.”

Today, we see a lot of modular UPS coming in the market. There is also a UPS called Flywheel or Green UPS which uses energy under the flywheel.” Introduction of transformer less UPS systems is another emerging area where the efficiency is a little higher. It is used for very specific applications. Talking about another significant trend, he adds, “Multi-utility products, wherein both lighting and computing power backup requirements are managed, are being manufactured to meet the market needs. Moreover, owing to rising real estate costs, vendors are also looking to offer products with a higher wattage per square. Even 5kVA UPS units are being equipped with features that were earlier seen only in high-end systems.” The technology for this market has been developing over the years. “Currently, in the home UPS market, we see the move from traditional square-wave inverters towards the sine-wave inverter technology. Second, the sine-wave inverters are predominantly based high-frequency inverters is taking place. These inverters are smaller in size and more efficient.”

FUTURE

While UPS/inverter industry is relatively stable these days, there is need to look out for new trends in advanced teams. This would help industry to have a different and futuristic perspective and see UPS beyond just power suppliers, R&D has become one of the major focus areas of the power backup systems market. For the overall development of the industry, and for players to be able to increase the profitability, it has become imperative for the companies to invest in R&D activities. Making power backup equipment available in smaller sizes would ensure greater revenue, especially from the SME and SOHO segments. Players can also look to foray into e-commerce business models along with doorstep delivery systems. A widespread service network will help companies build trust and ensure recommendations from existing customers, thereby adding to their goodwill and brand value. Moreover, cross-selling platforms for low-voltage products via the diffused channels are expected to bring about a greater visibility amongst end users, thus leading to greater revenues.

CONCLUSION

UPS industry in India sees a bright future, as India is developing economy and our industrial base increasing constantly apart per person income of India is getting strength, making lifestyles

more comfortable. In this scenario, increasing power cuts & expensive power supplies, are not expectable to a major segment of industries & domestic consumers, thus the trends towards UPS & alternate power supplies is increasing.

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